



# United States Department of the Interior

## BUREAU OF OCEAN ENERGY MANAGEMENT, REGULATION AND ENFORCEMENT

Washington, DC 20240

Honorable Ken Salazar  
Secretary of the Interior

December 7, 2010

Dear Mr. Secretary:

This letter responds to the December 7, 2010, Report of the Office of the Inspector General (OIG) entitled, "A New Horizon: Looking to the Future of the Bureau of Ocean Energy Management, Regulation and Enforcement" (OIG report or report). The Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) appreciates that a substantial amount of time and effort were devoted to preparing this report, and we have carefully reviewed its findings and recommendations.

Unfortunately, despite its title, this report is a dated and incomplete view of the past without a meaningful acknowledgement of recent developments at BOEMRE, and without anything more than a passing mention of our substantial efforts to address the very same issues addressed in the report.

As the OIG acknowledges, its report is an expanded version of the OCS Safety Oversight Board (SOB) report issued on September 1. The OIG report grows out of the same fact collection process, which ended in late July. With very few exceptions, it advances the same recommendations as those contained in the SOB report. Other than two sentences in the introduction, the report does not mention, much less seriously address, the steps that we are taking to deal with the recommendations contained in the SOB report, which are now repeated in the OIG report. We are concerned that outside observers will view the OIG report as fresh reporting based on new information. It is not. Moreover, a number of the report's findings are unsubstantiated or contrary to the results of the OIG's own surveys of BOEMRE personnel.

I raised these concerns with the Acting Inspector General in two separate memoranda dated November 16 and November 23, 2010, as well as in a number of meetings on this subject. Since the majority of our comments were not taken into account in the OIG's final report, this letter discusses some of the most serious deficiencies and errors we identified.

### **I. The Report Fails to Take into Account BOEMRE's Reforms**

The opening section of the report acknowledges that, "BOEMRE has already developed a corrective action plan to address the findings [in the report] and is in the process of implementing [its] recommendations. It has made many reforms and

additional improvements are underway.” Report at 2. However, the remainder of the 82-page report contains no mention of BOEMRE’s numerous reforms, many of which are directly relevant to the report’s findings. This omission renders many of the report’s findings dated, if not obsolete. In fact, the Acting Inspector General recognizes as much in her cover letter to the report, where she notes that the OIG “would expect to have different findings were [it] to review the same issue areas today.” Memorandum from Mary Kendall to Secretary Salazar.

The OIG’s failure to acknowledge the relevant ongoing reforms is curious, especially given that this information is readily available. BOEMRE outlined many of its reforms in its response to the SOB report on September 1, 2010, and I have discussed them at length in numerous public appearances, including, most recently before the National Commission on the BP Deepwater Horizon Spill and Offshore Drilling. BOEMRE also highlighted its most relevant reforms in the two memoranda dated November 16 and November 23, 2010, to Acting Inspector General Kendall.

While the proper place for a summary of BOEMRE’s reforms would have been in the report itself, I will outline some of our work that is relevant to the OIG report’s findings in this letter.

#### 1. BOEMRE Reorganization

We are addressing the majority of the issues identified by the OIG through our continuing work on the reorganization of the former Minerals Management Service (MMS). In its place, we are creating three strong, independent entities to carry out the missions of promoting energy development, regulating offshore drilling, and collecting revenues. The revenue collection arm of the former MMS has already become the Office of Natural Resources Revenue. In the next year, the offshore resource management and enforcement programs will also become separate, independent organizations.

We have interviewed and consulted with dozens of Bureau employees in all of our regional offices; collected and analyzed data relating to the Bureau’s processes, systems and regulatory metrics; and developed various models and options for restructuring and reforming the Bureau and its functions.

This work has been painstaking and time consuming, but it is critical to informed decision-making regarding the transformation of the Bureau. The reorganization is intended to effect a great deal more than merely separating functions into the new organizations. Among other things, the implementation of the reorganization will involve:

- Building new systems for processing and analyzing data and performing risk assessments in permitting and environmental reviews;

- Designing and implementing a robust, effective and aggressive safety and environmental enforcement regime based on rigorous analysis of best practices and the challenges presented by industry;
- Creating new policies and guidance for both federal personnel and industry;
- Developing training programs and curricula;
- Recruiting scores of new professionals;
- Establishing efficient, modern information systems; and
- Developing management structures and systems appropriate to the scale and missions of the new organizations.

## 2. Implementation Teams

We have created 11 Implementation Teams, which are responsible for analyzing various aspects of BOEMRE's regulatory structure and helping to implement our reform agenda. These teams are integral to our reorganization effort and are addressing the various recommendations for improvement that we have received from the Safety Oversight Board as well as from other reviews of our operations. These teams are already hard at work analyzing various aspects of our organization and laying the foundation for lasting change in the way BOEMRE does business. By January 1, each of the 11 teams will provide me with detailed status reports of the work they have accomplished so far and the additional tasks that need to be completed

## 3. Other Reforms

In addition to the work of the implementation teams, we have implemented a number of other internal reforms that are directly relevant to the OIG's findings. For example, to address conflicts of interest, we have issued a tough new recusal policy that will reduce the potential for real or perceived conflicts of interest. Effective on August 30, 2010, employees in our district offices must notify their supervisor about any potential conflict of interest and request to be recused from performing any official duty in which such a conflict exists. Also, our inspectors must report any attempt by industry or by other BOEMRE personnel to inappropriately influence, pressure or interfere with his or her official duties. Thus, the report's "finding" that "BOEMRE has no independence policy for accident investigators to prevent conflicts of interest with industry" is wrong. Report at 42. It is extremely unfortunate that the report contains information the OIG knows to be incorrect in light of reforms implemented more than three months ago.

Similarly, the report cites a "recent strategic human capital management plan for the Gulf of Mexico Region" that allegedly "showed that the focus of hiring has been on engineers and geosciences disciplines" and that "[i]nspectors were not included in the workforce gap analysis." Report at 14. This information is outdated and does not reflect the current hiring priorities and initiatives of the Bureau. I have stated repeatedly that the Bureau will substantially increase the number of inspectors, as well as engineers and other professionals, in the Gulf of Mexico Region, and the

Department has requested substantial funding increases to hire more inspectors. We have been clear that we consider inspectors to be “mission critical,” and the report’s suggestion otherwise is inaccurate.

Finally, the report incorrectly claims that, “OSRPs do not adequately address the calculation for worst-case discharge scenarios.” Report at 44. This description ignores NTL-06, issued on June 17, 2010, which specifically addresses worst-case discharge scenarios and has provided proactive guidance to operators.

## **2. The OIG Report’s Findings Misrepresent the Results of Its Own Surveys**

Our review also revealed a number of findings that are unsubstantiated or at odds with the data from the OIG’s own surveys, reported in Chapter 7: Employee Survey Responses. On a number of issues, the report also appears to distort survey results or rely heavily on uncorroborated anecdotes representing the minority viewpoint.

For example, the report fails to acknowledge that a majority of BOEMRE employees consider enforcement actions fair and objective. Instead, the report states that, “[d]uring interviews of BOEMRE personnel, one inspector noted that operators habitually call the agency until they reach someone who is willing, sight unseen, to grant the operator permission to bring the component responsible for the violation back online.” Report at 31. The views of the single inspector are interesting, but the report should make clear that the vast majority of survey respondents agreed with the statement that BOEMRE enforcement actions are fair and objective. This is not the case here, since only 10 percent of all respondents and 15 percent of inspectors disagreed with the statement that BOEMRE enforcement actions are fair and objective.

The report also fails to mention that a majority of BOEMRE’s environmental staff (81 percent) believes that the NEPA process is administered properly. Instead, the report relies on anecdotal information that reflects the views of individual employees who adopt the minority viewpoint. Anecdotes may have their place in an OIG report, but they must be used judiciously so as not to substitute for a more balanced and accurate presentation. The report should, at a minimum, have described the evidence that supports a view that is sharply at odds with survey responses.

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The report reflects a comprehensive and thorough review of the collected data. However, rather than “looking to the future,” as its title suggests, much of the report simply projects a state of affairs that has been significantly altered.

As you know and as you have directed, BOEMRE remains fully focused on strengthening safety and environmental standards on the Outer Continental Shelf (OCS) and bolstering our oversight of offshore oil and gas operations. We are making swift progress toward this goal, but our work is far from over: we must

remain focused and committed to restoring the confidence of the American people in the safety and oversight of offshore oil and gas operations.

Unfortunately, this report increases the risk that the world's view of BOEMRE will continue to be frozen in the past and will not keep up with the reform efforts that are currently in full-swing. It is critically important that as our reform efforts continue, the Department and the outside world acknowledge these efforts and recognize the enormous transformation the agency is undergoing.

Thank you for providing us with the opportunity to review and respond to the report.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael R. Bromwich". The signature is fluid and cursive, with the first name "Michael" being the most prominent part.

Michael R. Bromwich